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PAYMENT POLICY ID NUMBER: 20-066

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Institutional Payment Programs and Charge Based Reimbursement for Commercial Products — Overlapping Charges

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DESCRIPTION:

This policy applies to Florida Blue's contractual reimbursement for inpatient and outpatient institutional claims for short term acute care hospitals, long term acute care hospitals and ambulatory surgical centers. It is intended to document the policy for certain situations which occur in some of Florida Blue's proprietary reimbursement programs which involve a charge-based reimbursement methodology.

Florida Blue's reimbursement methodology is not meant to use covered charges more than once when calculating a claim's allowed amount. This policy describes the impact to the calculation of an allowed amount if the same charges overlap or are used in more than one part of the calculation of the allowed amount or if lessor of logic applies.

REIMBURSEMENT INFORMATION:

A. Add-ons or Carve-Outs

There are instances where a specific service is separately reimbursed such that its allowed amount is added to the allowed amount for the remaining services on the claim. These items and their allowance are referred to as "add-ons" or "carve-outs". One example of this is implants that are payable at either a flat rate or a percentage of covered charges.

In the instances where there is separate reimbursement methodology for these add-on or carve-out services/procedures, the charges for the add-on or carve-out service/procedure will be deducted from the total covered charges prior to calculating any reimbursement for the remainder of the claim if the calculation is based on a percentage of charges. If the add-on or carve-out service/procedure charges were not removed from total covered charges, then those charges would effectively be reimbursed on twice.

B. Second Dollar High Charge Outlier Claims

For second dollar high charge outlier reimbursement methodologies, the total allowed amount is based on a base rate for the DRG plus a percentage of a portion of the charges that exceeds the high charge threshold. Typically, the high charge threshold exceeds the DRG payment amount and the DRG payment amount plus a percentage of the portion of the covered charges that exceed the threshold is the claim's total allowance. If the high charge threshold is less than the DRG payment amount, however, then the charges that fall between the threshold and the DRG payment amount overlap and would be considered for reimbursement twice if an adjustment was not made in the calculation. For these scenarios where the DRG payment amount is greater than the high charge threshold, the DRG payment amount will be used in lieu of the high charge threshold amount when determining the portion of the covered charges reimbursed at a percentage of charges.

C. "Lesser of" Logic

"Lesser of" logic may be applied under certain contracts if the total covered charges are less than the total allowed amount. When "lesser of" logic applies for reimbursement and there are no add-ons/carve-outs, Florida Blue will cap the allowed amount at the total covered charge amount. When "lesser of" logic applies for reimbursement and there are add-ons/carve-outs subject to separate reimbursement terms, the charges for the add-on/carve-out will not be included for the purposes of determining if "lesser of" logic applies to the reimbursement for the remaining services on the claim. Any add-ons/carve-outs will be subject to 'lessor of" logic but for their specific reimbursement. If the add-on's or carve-out's service/procedure charges were not removed for purposes of applying "lesser of", then those charges or a portion of the charges, would effectively be reimbursed on twice.

BILLING AND CODING:

N/A

RELATED PAYMENT POLICIES:

N/A

REFERENCES:

N/A

GUIDELINE UPDATE INFORMATION:

08/18/2019	Payment Policy Approved by Payment Policy Committee
09/01/2019	Effective date of new payment policy
09/10/2020	Annual Review
09/16/2021	Annual Review
09/15/2022	Annual Review
09/14/2023	Annual Review

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